

# Making A Difference



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## U.S. Senator Tim Johnson's Record of Success For South Dakota

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A review of South Dakota's Progress in the United States Senate During 2001

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# *Creating New Families Through Adoption*

Adoption is a rewarding effort for many South Dakota families, yet it can often be an expensive and frustrating option.

As a founding member of the Congressional Coalition on Adoption, U.S. Senator Tim Johnson has recognized almost 30 outstanding members of South Dakota's adoption community over the past three years. Tim's "Angels in Adoption" help raise awareness of adoption in South Dakota. Adoptive parents, judges, social workers, and others involved with the adoption process truly are angels who do not get the recognition they deserve on a daily basis.

Tim has led efforts to make major improvements in adoption policy that help children be united with "forever families." He has sponsored innovative ideas to help turn "placements" into real families, such as giving parents of adopted children the same parental leave rights as those who give birth; outlawing racial or ethnic discrimination in adoption; automatically giving foreign-born adoptees American citizenship; and implementing international agreements

to outlaw trafficking in children and promoting international adoption.

For too many South Dakotans, adoption is not an option, because the financial costs are simply too high. By some estimates, an adoption can cost more than \$25,000 when one adds up the fees, paperwork and legal costs. To help with this situation, Tim joined Senator Mary Landrieu (D-LA) and Senator Larry Craig (R-ID) in introducing the Hope for Children Act, legislation that increases the current tax credits for children up to \$10,000. Tim worked hard during negotiations on the President's tax proposal, and was successful in getting the Hope for Children Act included in the final package that was signed into law in 2001.



# Ending the Marriage Penalty

Roughly 48% of married couples pay a tax penalty for being married -- that is, they pay more in federal income taxes than they would if they were filing as two single individuals.

In 2001, U.S. Senator Tim Johnson cosponsored legislation that would have immediately eliminated the marriage penalty for about half of all couples paying it, and would have completely eliminated it within four years for all couples.

*...Tim will continue fighting to eliminate the marriage penalty.*

Instead, Congress passed a bill that targeted more than 60% of the benefits to couples who do not pay a marriage penalty, or those who are actually receiving a “marriage bonus” -- that is, they actually have a smaller tax

obligation than they would have if they were both filing as single individuals. This ill-advised legislation would have cost \$248 billion over ten years, making it an irresponsible measure that would have cost twice as much as Tim’s approach, without even eliminating the marriage penalty.

During consideration of the federal tax cut legislation, Tim voted for an amendment that would have eliminated the marriage penalty in the standard deduction and 15 percent bracket (that is, for lower and middle-class couples) in 2002. To pay for the revenue lost by this change, the legislation would have slowed the reduction in the top two tax brackets. The amendment failed, 44-56, but Tim will continue fighting to eliminate the marriage penalty.

# Tax Relief For Working Families Affected By The Alternative Minimum Tax

U.S. Senator Tim Johnson supports significant changes to the outdated Alternative Minimum Tax (AMT) laws. Originally designed to ensure that wealthy taxpayers were not able to exploit a number of tax loopholes and avoid all tax liability entirely, the AMT requires all people with income above a certain threshold to pay some amount of taxes.

However, because the threshold has not been adjusted for inflation, it has become increasingly burdensome to some middle-class families. Those families, particularly those with a large number of children, are adversely affected because in some cases the per-child tax deductions reduce the family's tax burden sufficiently to make AMT rules apply. In these cases, the per-child tax deductions actually end up increasing the family's tax liability! This was never the intent of the AMT when the rules were written.

During consideration of the 2001 tax cut package, Tim supported an amendment that would have exempted individual taxpayers with adjusted

gross incomes below \$100,000 from the AMT. The amendment failed on a 46-53 vote.

The Senate also considered an amendment that would have indexed the AMT threshold to inflation, which Tim supported. Unfortunately, the amendment failed on a procedural vote.

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# *Creating Stronger Communities Through Safer Investment Opportunities*

As Chairman of the Financial Institutions Subcommittee, U.S. Senator Tim Johnson has used his position to highlight the need for comprehensive federal deposit insurance reform.

The \$100,000 limit on federal deposit insurance is badly in need of adjustment to keep up with the times. At the same time, the current deposit insurance system is often criticized by analysts for being potentially unstable during weak economic conditions. Furthermore, many new banks and investment banking firms have not paid deposit insurance premiums to cover large inflows of deposits into the system, thereby eroding the value of the funds and placing unfair burdens on small banks that have paid their fair share over the years.

In addition, Tim believes that any deposit insurance reform package must address the needs of America's retirees by providing additional FDIC protection for retirement accounts. Tim has expressed his concern that the government provides tax incentives for individuals to save for their retirement needs, but has not provided a way for those individuals to keep their funds safely in their local communities. At the time federal deposit insurance was

created, \$100,000 in savings was a tremendous sum, well beyond the means of working people. However, given the increased focus on retirement savings, accruing more than \$100,000 over one's working lifetime is no longer an unusual event, and many South Dakota retirees would prefer to put their retirement savings to work in their hometown bank -- provided, of course, that federal deposit insurance protects their investment in the unlikely event of a bank failure.

Tim advocates increasing the deposit insurance coverage for retirement savings accounts so that retirees can keep their life savings, risk free, in their local financial institutions.

Tim's reform ideas are generally supported by America's Community Bankers (ACB) and Independent Community Bankers of America (ICBA) as well as numerous bankers throughout South Dakota. The Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), the Office of the Comptroller of the Currency (OCC), and the Federal Reserve support many of Tim's reform ideas.

# Lowering The Cost Of Prescription Drugs For Senior Citizens Through Bulk Discounts

Early in 2001, U.S. Senator Tim Johnson reintroduced his original Prescription Drug Fairness For Seniors Act (S.125). Tim had introduced this legislation during the 106th Congress as a means to reduce the price of prescription drugs for senior citizens.

Tim's legislation would allow pharmacies who serve patients covered by Medicare to purchase prescription drugs at the same price as insurance companies, HMOs, and other bulk customers. This legislation would reduce the average cost of medication prescribed to senior citizens by more than 40%.

Studies have shown that older Americans spend almost three times as much of their income on health care than those under the age of 65, and more than three-quarters of

*U.S. Senator Tim Johnson speaks to a meeting of the American Association of Retired Persons (AARP) in Sioux Falls. Johnson is the chief sponsor of legislation that would reduce the cost of medication for senior citizens.*

Americans aged 65 and over are taking prescription drugs. Even more alarming is the fact that seniors and others who buy their own prescription

drugs are forced to pay more than twice as much for their drugs as are the drug manufacturers' most favored customers, such as the federal government, HMO's, and large insurance companies. Tim's legislation will not create a new government bureaucracy, will not increase insurance

premiums, and will not cost taxpayers a penny. It is presently awaiting action by the Senate Finance Committee .

*Tim's legislation... would reduce the average cost of medication prescribed to senior citizens by more than 40%.*



# Lowering The Cost Of Prescription Drugs For Senior Citizens Through Foreign Discounts

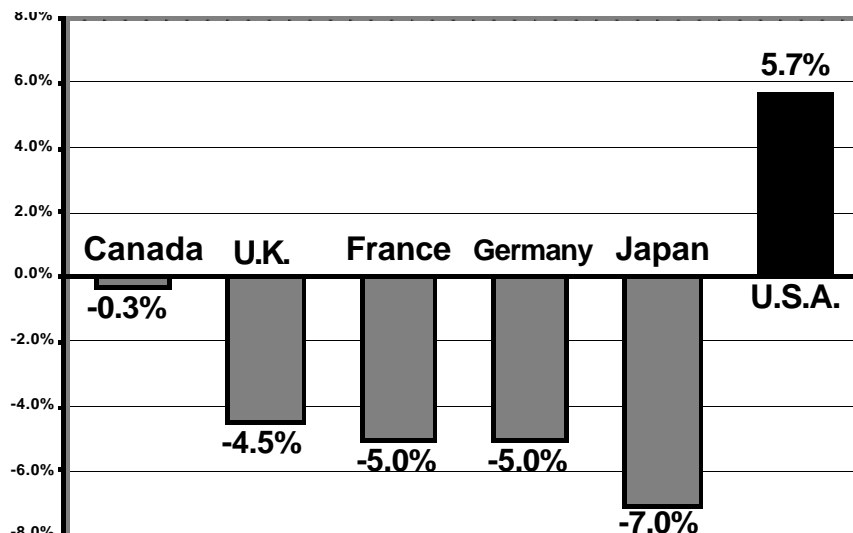
Early in the 107th Congress, U.S. Senator Tim Johnson reintroduced his legislation to combat the rising cost of prescription drugs. Tim's bill, known as the Prescription Drug Fairness for Seniors Act of 2001 (S.699), allows pharmacies that serve Medicare beneficiaries to purchase prescription drugs at the drug's low "average foreign price" -- that is, the average price that the manufacturer charges for drugs sold in Canada, France, Germany, Italy, Japan, and the United Kingdom.

If Tim's bill is enacted, it is expected to reduce prescription drug prices for seniors by more than 40%. Senior citizens as a group are often forced to make the difficult choice

between buying food or paying for medicine. Tim's bill will protect senior citizens and disabled individuals from drug price discrimination, and will help to make prescription drugs available to Medicare beneficiaries at substantially reduced prices. Tim's bill is presently being considered by the Senate Committee on Health, Education, Labor and Pensions. An identical version of Tim's legislation has been introduced in the House of Representatives by Rep. Tom Allen.

Like Tim's companion bill, S.125 (discussed on the previous page), S.699 does not create a new federal bureaucracy, does not increase insurance costs, and does not have a cost to taxpayers.

**Drug Prices In Other Countries Are Falling, While U.S. Prices Increase**



Source: Data from various articles in *Scrip* during 1999-2000.

# Reducing The Cost Of Prescription Drugs To Taxpayers and Patients

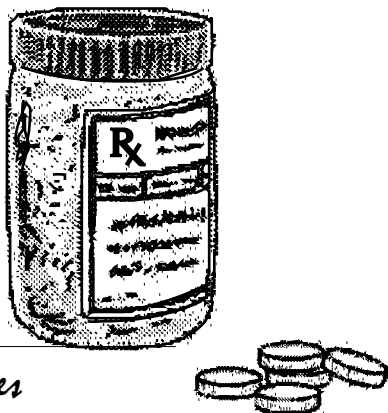
Generic prescription drugs provide consumers with a safe and affordable means to curb the spiraling cost of prescription drugs. Greater use of generic drugs would reduce the costs of prescription drugs for everyone, and U.S. Senator Tim Johnson is a nationally-recognized champion of proposals to reduce the cost of prescription drugs in South Dakota and across the country.

In 2001, Tim reintroduced the Generic Pharmaceutical Access and Choice for Consumers Act of 2001 (S.186), which is aimed at providing the average consumer with more access and choice to generic prescription drugs, while at the same

time saving taxpayers and the federal government millions of dollars.

Tim's legislation encourages the use of FDA approved, therapeutically equivalent generic prescription drugs within federal health care programs. Of course, if the brand-name drug is ordered by the prescribing physician or requested by the patient, the brand-name drug will be provided.

Tim's legislation establishes a straightforward and cost-effective means of increasing consumers' use of safe, affordable, generic prescription drugs. Taxpayers will save millions of dollars each year under his plan.



# *Reducing The Cost Of Prescription Drugs Through Patent Laws*

One of the foremost challenges facing the U.S. health care system today is allowing patients the opportunity to save money by choosing generic drugs. To encourage such choices, U.S. Senator Tim Johnson has sponsored the Greater Access to Affordable Pharmaceuticals (GAAP) Act (S.812).

Tim's bill changes existing patent laws, speeding the approval process for generic drugs to enter the market. Studies show that when generic drugs enter the market, they cost 30% less than their brand-name counterparts. With time, brand-name drug manufacturers are forced to lower their price in order to compete with the generic product; after two years, consumers pay an average of 80% less than when only the brand-name drug was available.

# Developing Opportunities For Nursing Professionals

South Dakota suffers from a severe shortage of nurses, and our rural communities are hit particularly hard. To address this problem, U.S. Senator Tim Johnson has sponsored a series of measures focusing on recruitment and retention of nursing professionals.

In late 2001, two of Tim's measures, The Nurse Reinvestment Act (S.1597) and the Nursing Employment and Education Development Act (S.721) were considered by the Senate Committee on Health, Education, Labor and Pensions. The committee liked Tim's ideas and combined his two bills into a final comprehensive nursing package known as the Nurse Reinvestment Act (S.1864). This bill has been passed by the Senate and is presently awaiting action by the House of Representatives.

The bill incorporates Tim's measures focusing on implementing nursing initiatives in rural areas and creating a public awareness campaign that would

encourage individuals to pursue a career in nursing. The legislation includes various grants for training, internships, and career advancement. Most importantly, the bill would allocate money for the Nurse Corps Scholarship program, which would help pay for schooling in return for a specified period of service in an area where there is a nursing shortage.

This important proposal will help South Dakota hospitals, health care providers, nursing homes and medical professionals better serve patients.

The shortage of nurses and other health care workers may increase in coming years as our population continues to age. The nursing bills that Tim has cosponsored will be important tools to recruit men and women into the nursing profession, helping relieve severe shortages facing hospitals, nursing homes, and other health care facilities.

# Streamlining Rules For Medicare Providers

U.S. Senator Tim Johnson is an original cosponsor of the Medicare Appeals, Regulatory and Contracting Improvements Act (MARCIA) (S.1738), introduced late in 2001. This important legislation would streamline Medicare regulations for providers and beneficiaries alike.

There are five important components to MARCIA:

- requires that changes in Medicare regulations be issued in a reasonable manner that makes it easier for providers and beneficiaries to understand.

- provides new protections for both patients and providers by creating additional opportunities to appeal a disputed claim.

- allows the Centers for Medicare and Medicaid Studies (CMS) to

competitively select the best contractors to serve patients and providers.

- places a greater emphasis on outreach to help providers understand Medicare claims procedures.

- makes the Medicare overpayment collection process a fair one.

Originally, there was hope that a Medicare reform package would go through the Senate by the end of 2001, and this legislation would have likely been included within such a package. However, in light of the tragic events that occurred on September 11th, the Senate Finance Committee did not complete action on a Medicare reform package in 2001. Currently the bill awaits action in the Senate Finance Committee.

# Encouraging New Pharmacists To Enter The Profession

U.S. Senator Tim Johnson is an original cosponsor of the Pharmacy Education Aid (PharmEd) Act of 2001 (S. 1806), a bipartisan bill to combat the severe nationwide shortage of licensed pharmacists. This important legislation will help address current pharmacist shortages in rural and under-served areas of our state, while ensuring that the pharmacy educational system has the appropriate resources to train an adequate supply of pharmacists for the future.

Pharmacists are the third largest group of health professionals in the United States, playing a key role in the healthcare delivery system. Today's pharmacist receives an education that broadens the traditional dispensing activities to focus on improved compliance and health status of individuals. However, a December 2000 report released by the Secretary of Health and Human Services (HHS) concluded that, "there has been an unprecedented demand for pharmacists and for pharmaceutical care services, which has not been met by the currently available supply."

PharmEd allows students entering pharmacy school and students who have graduated with a PharmD degree to apply for National Health Service Corps (NHSC) Scholarship and Loan Repayment funds. It also provides new scholarship funds for students who

demonstrate financial need and attend qualifying schools of pharmacy.

To encourage more pharmacists to become teaching faculty at schools of pharmacy, practicing pharmacists who contract to teach full time at qualifying schools of pharmacy for at least two years will also be eligible for educational loan repayment.

Many schools of pharmacy educate the pharmacist of tomorrow in the buildings of yesterday. Universities housing schools of pharmacy frequently lack building capacity and need help to renovate and expand their buildings and teaching facilities. PharmEd provides competitive grants for construction to qualifying schools of pharmacy who face severe needs.

Another important feature of PharmEd is its commitment to improving the health status of populations served by many federally supported healthcare programs. Schools of pharmacy are considered "qualifying" if they require their students to perform at least one of their clinical rotations in a facility that faces a severe lack of pharmacists in permanent positions. Those facilities include clinics and hospitals in rural areas with medically underserved client populations, facilities run by the Armed Forces of the United States, the Veteran's Administration, the Bureau of Prisons and the Indian Health Service.



# Improving Patient Care Through Pharmacist Services

U.S. Senator Tim Johnson has introduced legislation that will provide important patient safety and health care quality improvements in Medicare. This legislation, known as the Medicare Pharmacist Services Coverage Act (S.974), will reform Medicare by recognizing qualified pharmacists as health care providers within the Medicare program, and make important drug therapy management services available to patients covered by Medicare. These drug therapy management services, which are coordinated in direct collaboration with physicians and other health care professionals, help patients make the best possible use of their medications.

On average, persons aged 65 and older take 5 or more prescription drugs each day. These medications are frequently prescribed by different physicians for multiple chronic and acute conditions. With careful examination of a patient's total drug regimen, pharmacists can eliminate unnecessary or counterproductive treatments. Pharmacists frequently identify duplicate medication being prescribed by different doctors, or notice that different doctors have

prescribed medication that will interfere with the effectiveness of drugs prescribed by other physicians.

The overuse of medications is particularly common in the elderly, who tend to have more chronic conditions. In addition, physiological changes that occur naturally in the aging process diminish the body's ability to process medications, increasing the likelihood of a Medicare beneficiary suffering from a medication-related complication. The pharmacist's specialized training in drug therapy management has repeatedly proven itself as a way to improve the quality of care patients receive, while also helping them control health care costs. As a precursor to a prescription drug benefit, it makes sense to take this common-sense step to ensure safe and effective use of medication.

Tim's legislation is strongly supported by consumer groups and advocates for the elderly, as well as the pharmacist community itself. The bill has been referred to the Senate Finance Committee and awaits further action. An identical counterpart of Senator Johnson's legislation has been introduced in the House by Rep. Frank Pallone (D-NJ)

# Bringing Better Health Care To Rural America

U.S. Senator Tim Johnson remains deeply committed to the improvement of rural health care throughout South Dakota. In an effort to enhance the availability of quality health care throughout rural areas of our state, Tim sponsored the Rural Health Care Improvement Act of 2001 (S. 1030). This comprehensive rural health care legislation would improve Medicare reimbursement for rural hospitals, establish grants for small hospitals in remote areas to improve technology, and extend tele-health programs. It would also provide assistance to fund capital improvements, ensure reimbursement for independent lab services, and provide tax incentives for health care professionals in rural areas.

More often than not, health care providers in rural areas are at a serious disadvantage. They serve older populations in areas where per-patient costs are much higher than in urban centers. Those patients are on fixed incomes, often at the lower end of the economic scale. Rural health care providers also serve people who live a great distance from health facilities,

making transportation a key element of health care in rural America.

Further complicating the problem is the historic structure of federal reimbursement to rural hospitals, which has been at a less generous formula than for hospitals serving urban areas.

Tim's far-reaching, comprehensive legislation will help address many of those problems, allowing rural hospitals to be compensated for costs at the same rate as their urban counterparts. Furthermore, Tim's bill will help rural hospitals keep pace with technological developments and expand tele-health programs to better serve rural communities.

Tim personally drafted the section of this legislation that creates a Tele-health Resource Center Grant Program. This provision would make \$30 million in funding available to help larger tele-health centers cover the costs they incur in providing technical assistance to smaller tele-health providers. This provision would greatly help to expand tele-health networks into underserved rural areas.

*U.S. Senator Tim Johnson hosts a meeting concerning rural health care. Tim has been a leader in rural health issues, making sure South Dakotans have access to top-quality health care, wherever they live.*



# *Improving Medicare Support For Rural Hospitals*

In an effort to prevent rural hospitals from suffering inadequate Medicare reimbursement, U.S. Senator Tim Johnson sent a letter to both Health and Human Services Secretary Tommy Thompson and the Administrator of the Centers of Medicare and Medicaid Services (CMS), Thomas Scully, requesting a delay in the implementation of the new 2002 Hospital Outpatient Prospective Payment Rate System.

This issue arose when the Centers for Medicare and Medicaid Services (CMS) proposed a new rule that would alter the current processing of hospital outpatient claims for the first quarter of 2002. Unfortunately, while CMS set their new Medicare hospital outpatient payment rates to begin in January 2002, software problems prevented them from paying these new rates in full until April of 2002. In the meantime, hospitals would have been unable to process their claims for three months, or would have been paid only a portion of the amount due to them until the remaining amount

could be paid in full in April. This would have had a detrimental effect on both the hospitals and the Medicare beneficiaries they serve, since cash-flow shortages can make it difficult for hospitals to provide medical services to patients.

While most large hospitals would have been able to sustain the three month disruption, many small, rural hospitals would have found it difficult to operate at their normal level.

It is also important to note that many rural hospitals in our state serve communities with a large population of elderly patients who rely upon Medicare. Since Medicare is a major source of revenue for these local hospitals, their patients could be placed at risk by a disruption in Medicare payments.

Tim was successful in delaying the new CMS rule, allowing Medicare payments to continue without interruption. As a result, South Dakota hospitals and Medicare beneficiaries were spared the financial and paperwork burdens that would have resulted if CMS had moved forward.

# Providing Mental Health Care To Those Who Need It

U.S. Senator Tim Johnson was an original co-sponsor of the Mental Health Equitable Treatment Act of 2001 (S.543). This legislation provides coverage of severe, biologically-based mental illnesses, such as clinical depression, autism, and other serious disorders. Treatment for these conditions would be provided at the same rate as other disorders covered under group health plans. This bipartisan bill will bring access and parity to mental health services for all South Dakotans.

Millions of Americans suffer from debilitating mental illnesses, and are discriminated against on a daily basis by a misunderstanding society and by their own health insurance plans. Too often, insurance companies fail to cover mental health conditions, or they impose restrictive measures on the scope and duration of treatment covered under the plan. This is a troubling trend, as it discourages

people from receiving the treatment they need, and deprives mentally-ill people a role in making their own health care decisions.

Tim's bill, which was passed out of the Senate Committee on Health, Education, Labor and Pensions in 2001, expands the Mental Health Parity Act of 1996 (MHPA) by requiring group health plans to provide the same level of coverage for mental health benefits that are provided for patients with other disorders. The legislation also prohibits health insurance providers who currently offer mental health benefits from placing limits on the number of days they will cover hospitalization for mental illness, and prevents them from limiting the number of outpatient visits covered by group plans. It also responds to the concerns of small businesses by exempting plans offered by companies with 25 or fewer employees.

# Improving Mental Health Resources In Rural America

Access to quality mental health care presents a difficult challenge to rural communities throughout South Dakota. That's why U.S. Senator Tim Johnson sponsored the Rural Mental Health Accessibility Act (S. 859), which aims to guarantee access to critically important mental health services in rural areas.

This legislation, developed with the support of the bipartisan Senate Rural Health Caucus, empowers communities to establish education campaigns about mental illness, suicide and substance abuse disorders.

South Dakota has a high incident rate of suicide compared to other states. Through interdisciplinary training grant programs and tele-health technologies, Tim's legislation promotes collaboration between mental health care providers serving children and seniors who live in rural areas. The grant program covers four specific areas:

- Mental Health Community Education Program
- Interdisciplinary Training Grant Program, and
- Study of Mental Health Services

# *Supporting Innovations In Mental Health Technology*

Individuals living in rural areas have significantly less access to health professionals than those of us who live in urban areas, leaving access to mental health professionals scarce. According to 1994 statistics, availability of psychiatrists and child psychologists in rural areas was less than 10% of the per capita rate for urban areas of the country. South Dakota has only seven practicing psychologists and 17 psychiatric social workers per 100,000 people. These professionals tend to be located in the more densely populated areas of our state, leaving most rural areas unserved.

To help address this critical need, Tim wrote and introduced the Telehealth Mental Health Services Act (S. 1283) to increase access to mental health professionals in schools and long-term care facilities in rural areas.

In early 2001, the Senate Health, Education, Labor and Pensions Committee passed Tim's legislation as part of a larger health care package. The bill now awaits action in the House.

# Preserving America's Spirit Through Patriot Bonds

Following the September 11th terrorist attacks, South Dakotans contributed to relief funds, donated blood to help victims of the attacks, and organized material donations to be sent to workers at Ground Zero in New York and at the Pentagon.

But that wasn't enough for South Dakotans.

The offices of U.S. Senator Tim Johnson were flooded by calls from South Dakotans wanting to do more for the relief efforts and to assist in the war against terrorism. At the suggestion of several constituents, Tim was the first in the U.S. Congress to introduce legislation directing the U.S. Treasury to issue savings bonds that would help fund our nation's recovery and relief efforts and fight the war on terrorism.

Tim's bill would allow Americans to

purchase “Unity Bonds,” similar to the war bonds issued during World War II. Money raised from issuing these government-backed savings bonds would be directed to help finance the relief and recovery efforts in New York City and Washington, DC, as well as financing the war on terrorism. The Senate has passed Johnson’s legislation twice, while the House has passed similar legislation.

Tim and the sponsors of similar legislation came to an agreement with the Department of the Treasury to name the bonds “Patriot Bonds.” During the unveiling of the new bonds on December 11<sup>th</sup> at the Treasury Department with Secretary Paul O’Neill, Tim purchased three of the first Patriot Bonds issued, one for each of his children.



# *Improving Our Nation's Air Security*

The terrorist attacks on September 11th demonstrated the need to immediately improve airline and airport security throughout the nation. The nation's confidence in air travel was greatly diminished after the attacks, and it became clear that security at airports and in airplanes needed improvement. Moreover, the particular concerns of rural airports needed to be addressed.

In response, U.S. Senator Tim Johnson took steps to improve national security and help to restore confidence in air travel. He quickly introduced legislation to improve the airport screening process and to provide small airports with the resources for additional security equipment. Tim's measures were incorporated into a larger airline safety measure that was enacted into law.

The new aviation security law improves airport security through increased law enforcement and tighter

security measures in airplanes and airports. All airport screeners must now undergo thorough training and meet higher standards to maintain security in airports. More federal marshals will be deployed on flights, and cockpit doors will be fortified.

In addition, the legislation addresses the unique needs of small airports, such as those in South Dakota. Many rural airports do not have the resources to acquire modern security equipment or keep their perimeters safe. Tim's provisions in the legislation provide additional funding so that small airports can purchase the security equipment needed to protect travelers from any potential threats.

Tim recognizes that what matters most to travelers is a highly trained, well-equipped security force that would be devoted solely to safety, along with help for the airports that need it most. Tim's measures have been enacted into law, and are already making air travel safer.



# *Shutting Down Criminals' Money Supply*

Drug Dealers. Organized Crime Figures. Terrorists. Whether destroying our children's future or attacking our national security, they all have one need in common: money.

In recent years, there have been reckless efforts to undermine the efforts of law enforcement officers who investigate criminal acts and try to prevent future crimes. Radical legislation, such as the so-called Bank Secrecy Sunset Act (H.R. 518) and the Know Your Customer Sunset Act (H.R. 516) were introduced in the 106th Congress. This reckless legislation would have repealed long-established laws that require banks to keep records of suspicious transactions by their customers -- such as cash transactions involving more than \$10,000. Enactment of such legislation would have been a dream come true for terrorists like Osama Bin Laden and his co-conspirators, as well as every lowlife drug dealer that roams our streets. No longer needing to worry about where to store their cash, they would be free to dream up new ways of advancing their evil intentions.

Meanwhile, banks witnessing suspicious activities would have found that their hands were tied, since reporting suspected criminal activity to

law enforcement agencies would breach customer confidentiality, leaving them open to lawsuits.

Not all large cash transactions are the result of criminal acts. Selling a car may result in a cash transaction of more than \$10,000, and the completion of a simple form at the bank is all that is necessary to comply with the act. Few law-abiding people are bothered by the minor inconvenience, but the law can be daunting to a criminal with large volumes of cash to move, or for the terrorist who is living off of money from wealthy foreigners while he prepares for his evil deed.

U.S. Senator Tim Johnson played a key role in the Senate Banking Committee's version of much needed money laundering legislation that passed Congress in the wake of the September 11 terrorist attacks. This legislation grants the Secretary of the Treasury additional authority to track the laundering of money and requires financial institutions to play a stronger role in stopping money laundering. Tim helped craft a suitable compromise so that the legislation would meet the needs of enforcement officials while maintaining the support of the banking industry.

# Combating Bioterrorism In Rural America

On October 15, 2001, an anthrax-tainted letter was opened in U.S. Senator Tom Daschle's Washington office. Following this bioterror attack on our nation, U.S. Senator Tim Johnson met with several South Dakota law enforcement officials, emergency management personnel, agriculture leaders, hospitals, community leaders, and other first responders to assess South Dakota's ability to defend against bioterrorism. Tim joined Senator Chuck Hagel (R-NE) in sponsoring legislation that addresses the unique problems rural communities must face. These challenges include distance, lack of emergency transport, capacity at hospitals and laboratories, and a lack of integration between state and federal public health networks.

Tim's legislation also called for more federal funds to be given directly to states and local communities, so they can implement safeguards to protect the public against bioterrorism without getting sidetracked by the Washington bureaucracy. Tim's legislation also focused additional resources toward improving food safety and securing the agricultural economy against potential bioterrorist attacks.

As the congressional debate on bioterrorism unfolded, Tim worked with other members, including Senator Bill Frist (R-TN) and Senator Judd Gregg (R-NH), to ensure that rural and agricultural needs were addressed through a bipartisan legislative effort. They drafted the Bioterrorism Preparedness Act of 2001, (S.1765), a bill that helps to clarify which federal agencies are responsible for different elements of bioterrorism prevention, while also helping to coordinate their efforts in responding to an emergency. This legislation was incorporated into the Bioterrorism Preparedness legislation, which has passed both chambers of Congress; the details are presently being worked out in a conference committee.

Finally, as member of the Senate Appropriations Committee, Tim worked with Sen. Robert Byrd (D-WV), the Chairman of the Senate Appropriations Committee, to incorporate several provisions for rural communities and food safety in comprehensive bioterrorism legislation. These initiatives were enacted into law as part of the emergency funding package for Homeland Security.

# *Stronger National Security and a Stronger National Economy through EAA*

As the third ranking Democrat on the Senate Banking Committee, U.S. Senator Tim Johnson has become a leader on many issues that are important to our nation's financial well-being, including trade issues.

Continuing the unfinished work of reauthorizing the Export Administration Act (EAA), Tim, along with his colleague, Sen. Mike Enzi (R-WY) secured Senate passage of legislation that would enhance national security policy, while increasing high-tech international trade.

EAA governs the export of dual-use technology -- that is, technology that has both civilian and military applications. The original EAA was written at the height of the Cold War era and is in critical need of updating to reflect modern realities.

Tim worked to reauthorize this important legislation in a manner that correctly balances national security concerns against the economic importance of creating strong trading partnerships throughout the world.

# Providing Help For Heroes And Their Families

In the days following the September 11th attacks, it became clear that legislation was needed to quickly address the needs of national guardsmen and reservists who were being called to active duty. That's why U.S. Senator Tim Johnson became an original cosponsor of the Higher Education Relief Opportunities for Students (HEROES) Act of 2001 (S. 1793).

The bipartisan HEROS Act grants the Secretary of Education specific waiver authority to provide immediate and necessary relief to those affected by the attacks on America. Specifically, it helps students who are being called up to active duty, members of the active duty military who are being relocated, and those students and borrowers who were directly affected by the attacks.

These waivers will relieve a family from having to make student loan payments while the family breadwinner is away from his regular job in order to serve our nation overseas. It also helps to relieve some of the pressure the reservist's family may experience, such

as relieving the family from receiving collection calls from creditors, and allowing consecutive service requirements for loan forgiveness programs to continue uninterrupted.

While families of national guardsmen and reservists will no doubt suffer many hardships while their loved ones are away, Tim's legislation will at least help to ease the burdens where it can.

Shortly after its introduction, Tim's legislation passed the Senate on December 14, 2001. It passed the House the following week, and President Bush signed the bill into law in January 2002.

*U.S. Senator Tim Johnson meets with Pentagon officials and Red Cross workers to discuss progress on Operation Enduring Freedom, the rebuilding of portions of the Pentagon that were badly damaged during the September 11th attacks.*



# *Improving The G.I. Bill For America's Veterans*

For the past two years, U.S. Senator Tim Johnson has spearheaded efforts in the Senate to modernize the Montgomery GI Bill in a way that will help veterans achieve their higher education goals. Joined by Senator Susan Collins (R-ME), Tim introduced the Veterans' Higher Education Opportunities Act (S.131), legislation that would bring the GI Bill into the 21st Century.

The 1944 GI Bill of Rights is one of the most important pieces of legislation ever passed by Congress. More than 21 million veterans have taken advantage of GI Bill benefits since 1944, including 8 million from World War II and a like number from the Vietnam War.

Unfortunately, the current GI Bill can no longer deliver these results and it is beginning to fail in its promise to veterans, new recruits, and the men and women of the armed services. More than 96% of recruits currently sign up for the Montgomery GI Bill and pay \$1,200 out of their first year's pay to guarantee eligibility. Unfortunately, only one-half of these military personnel use any of the current Montgomery GI Bill benefits, largely because GI Bill benefits have not kept pace with the increasing costs of education.

There is consensus among higher education officials and veterans associations that, at a minimum, the GI Bill should pay the costs of attending an average four-year public college as a commuter student. The current Montgomery GI Bill benefit pays only about half of that cost.

Tim's legislation indexes the GI Bill to the costs of attending the average

four-year public institution as a commuter student. This benchmark will be updated annually in order for the GI Bill to keep pace with increasing costs of education.

Tim's legislation drew the endorsement of several of his Senate colleagues from both political parties, including Senate Majority Leader Daschle and Minority Leader Lott. In addition, the Veterans' Higher Education Opportunities Act has the overwhelming support of the American Legion and the Partnership for Veterans's Education, a coalition of the nation's leading veterans groups and higher education organizations that includes the VFW, the American Council on Education, the Non-Commissioned Officers Association, the National Association of State Universities and Land Grant Colleges, and The Retired Officers Association.

Spurred by Tim's efforts, both the House and Senate approved legislation that would gradually increase the monthly GI Bill benefits in coming years. The new benefit rate of \$800/month began January 1, 2002, marking a substantial increase from the prior \$650/month. On October 1, 2002, this benefit will increase to \$900/month. A year later, on October 1, 2003, the benefit will increase to \$985/month. While Tim was pleased with this improvement, he believes GI Bill benefits should be indexed to keep pace with the rising costs of higher education, and he will continue to fight for passage of his legislation.

# Increasing Funding for Veterans Health Care

Throughout 2001, U.S. Senator Tim Johnson continued his ongoing efforts to increase funding for veterans health care.

During consideration of the federal budget resolution, Tim offered an amendment on the Senate floor that would increase the veterans health care budget to a level advocated by veterans themselves. Despite bipartisan support, the amendment did not pass.

However, Tim's position on the Senate Appropriations Committee and the subcommittee dealing with funding for veterans programs, Tim was able to increase veterans health care funding by \$1 billion over last year's funding level. This is \$100 million more than was approved in the House of Representatives.

As a conferee during negotiations between the House and Senate, Tim

ensured that the higher funding level for veterans health care was included in the final bill. That legislation was signed into law by President Bush.

While this increase is a positive step, Tim believes that more needs to be done to make up for years of flatlined budgets, skyrocketing health care costs, and the costs associated with expanding medical needs of veterans.

*U.S. Senator Tim Johnson and Sue Eurchens, Commander of the American Legion Post in Sioux Falls. Tim has worked hard to make sure veterans throughout South Dakota and across America have access to proper health care.*



# *Providing Better Health Care For Our Military Retirees*

Thanks in large part to Tim's tireless efforts over the past two years, Medicare-eligible military retirees now receive access to Tricare, the military health care system.

The government promised lifelong health care to those who served in the military. However, those promises went unfulfilled until Tim brought this issue to the forefront in Congress.

In the 106th Congress, Tim introduced the Keep Our Promises to America's Military Retirees Act (S.2003). This legislation would have improved health care for military retirees and their dependents.

Congress passed into law a portion of Tim's legislation which extends Tricare health benefits to military retirees over the age of 65. The new health care provision, called Tricare-For-Life, began serving South Dakota's military retirees on October 1, 2001.

As a member of the Senate Appropriations Committee, Tim was also able to ensure that the new health care program was fully funded in the FY 2002 budget.



# Honoring Those Who Served

U.S. Senator Tim Johnson has been instrumental in helping provide South Dakota Korean War veterans with deserved and long-overdue recognition for the sacrifices they made when their nation called.

Tim worked with the Korean government and the United States Department of State to ensure that American Korean War veterans would receive medals, issued by the Korean government more than 50 years ago. Furthermore, Tim personally worked with the Korean government to ensure the medals would be provided at no charge to deserving veterans and their families.

In dozens of ceremonies throughout the state, Tim has presented more than 700 medals to Korean War veterans in South Dakota. His actions have also helped to increase interest in these American heroes who are living right next door.

*“There is no time limit on our gratitude for their service.”*

--U.S. Senator Tim Johnson

*U.S. Senator Tim Johnson meets with a group of Korean War veterans in South Dakota. Tim has presented more than 700 medals to Korean War veterans living in our state.*





# Lowering Taxes Responsibly

U.S. Senator Tim Johnson has always supported significant tax relief for all South Dakotans, with a special focus on the needs of working families. During the debate on tax policy, Tim was reluctant to use class warfare to pit the poor against the wealthy.

Tim has a history of standing up for working families in South Dakota when it comes to tax reform packages. In 1993, he came under strong criticism from his own party when he opposed then-President Clinton's tax reform package that would have raised the BTU tax, causing South Dakota families to suffer from even higher home heating bills than we already struggle to pay. His party threatened to take away his subcommittee chairmanship, but he cast the right vote for South Dakota in opposing the tax increase, and the years of economic prosperity and eventual budget surpluses were a result of that kind of tough stand.

In 2001, Tim was among the dozen centrist Senate Democrats who voted

for the final version of the \$1.35 trillion tax cut. Although the initial proposals were unacceptable, Tim had taken a firm stand that middle class, working families must share in the benefits of the package. Working together with moderates from both parties, the centrists were able to force a final package that Tim could support – one that was less costly than the initial proposal, and was much more favorable to working South Dakotans and their children.

The enacted tax cut will cost \$1.35 trillion over 11 years and is \$430 billion less costly than the one initially proposed by President Bush. Though it is not a perfect bill, Tim was particularly supportive of portions of the bill that established a new, lower income tax rate of 10% that will lower taxes for all working Americans. He also favored the improvements in pension incentives, elimination of the marriage penalty, creation of the adoption tax credit, an increase the child tax credit for all families, as well as a phased-in increase of that credit.

# Fighting Against Government Waste

U.S. Senator Tim Johnson vigorously opposed the Administration's plan to spend \$34 million to have the IRS send notices to taxpayers telling them about the tax cut and if/when they would be receiving their tax rebate check. Other than political grandstanding, there is no reason such notices could not be sent with the rebate check itself, saving taxpayers millions of dollars that could be used to pay down the federal debt.

Working with Sen. Chuck Schumer (D-NY), Tim sponsored an amendment to the Supplemental Appropriations bill that would have rescinded \$34 million that was to be used to pay for the unnecessary printing and postage costs of the notices. Tim's amendment redirected these funds into paying down the federal debt.

Unfortunately, Tim's amendment was defeated on a narrow 49-50 vote.

## Congressional Record

- July 10, 2001, p. S7402 -

**Mr. JOHNSON.** Mr. President, I congratulate the Senator from New York for the fiscal responsibility he is exhibiting with this amendment. The amount of money to be saved, again, is \$34 million, roughly? Mr. President, \$34 million--this is astonishing, \$34 million to send out a mailing? This doesn't pass the laugh test, frankly.

If I were to go home to my home State of South Dakota and talk to people in the street to tell them we are going to send some checks--by the way, which I voted for; I voted for the stimulus package, but we are going to add \$34 million to the cost, from the taxpayers, to brag about what we did in advance--they would not know whether to laugh or whether to cry.

This is just astonishing, \$34 million for a mailing. Are we going to do this now when we do Patients' Bill of Rights? Are we going to send out a \$34 million mailing? How about ag disaster payments? What else are we going to pass this year about which we are going to send out to everybody in the country what a wonderful job we are doing for them, thanks to your dollars?

Here we are in this body talking about, well, it doesn't look as if we can afford to do as much as we should with school construction; probably not enough money to advance Head Start where it ought to be; our GI bill enhancement, where we are trying to catch up with inflation so our military can get the education opportunities they should have, we might not have the money; prescription drugs, we probably do not have enough to set aside to do what we need to do. But wait, we are going to take \$34 million of your money and send you a letter telling you what fabulous things we are doing for you.

I don't know whether or not it is political. What I care about is if you are going to carefully mind the people's money, this is not how you ought to go about doing it.

I congratulate the Senator from New York for a little common sense, something I see all too seldom in the course of some of these political debates.

Thank you to the Senator from New York. It seems to me this amendment deserves support. Let's save \$34 million, put it back in the kitty where the American people can have it for their benefit.

# Modernizing America's Financial Institutions

As a member of the House-Senate Conference Committee, Tim helped craft a strong Financial Services Modernization bill that helped both small, rural banks in South Dakota as well as larger institutions such as Citibank.

A major victory for small banks and rural families was inclusion of a provision that allows institutions to obtain lower-cost funds from the Federal Home Loan Bank System. Tim worked hard to ensure passage of this important provision that helps rural banks across our state. By borrowing funds at lower costs and for purposes beyond real estate, banks can then lend these funds to their hometown borrowers. These enhanced lending opportunities allow local customers to borrow money for the goods and services they need, while also allowing small, hometown banks to become more profitable through expanded lending activities. It is a win-win situation for the entire community.

The financial services modernization bill repeals depression-era firewalls between banking, insurance and securities activity. Tim viewed this as an important step forward, as changing times have made it necessary to change the rules

governing banking transactions.

However, Tim strongly believes that there should be a firewall preventing the unification of commercial firms and financial institutions. To that end, Tim authored the amendment which was passed and enacted into law, preventing commercial firms from buying financial institutions.

Commercial business enterprises and banks have very different and often-conflicting business objectives. Commercial firms work hard to put their products and services into the hands of customers as quickly as possible. Banks, however, must evaluate the financial viability of the borrower and evaluate their repayment ability before providing lending. Because banks are federally-insured, there would be a great risk to the taxpayer if commercial interests were to prevail over responsible lending practices, resulting in a series of bad loans and failures of government-insured institutions. To protect taxpayers, Tim authored and secured passage of an amendment that prohibits commercial firms such as Microsoft and Walmart from buying financial institutions, thus maintaining a clear line between commercial firms and banking institutions.

# Reserving Bankruptcy For Innocent Victims, Not Abusive Filers

U.S. Senator Tim Johnson believes that protection under federal bankruptcy laws should remain available for victims of unforeseen circumstances -- prolonged illness, severe disability because of an accident, or the unexpected death of a family's breadwinner. Too often, however, he notes that bankruptcy laws are used by those who have knowingly lived beyond their means and turn to bankruptcy laws to escape responsibility.

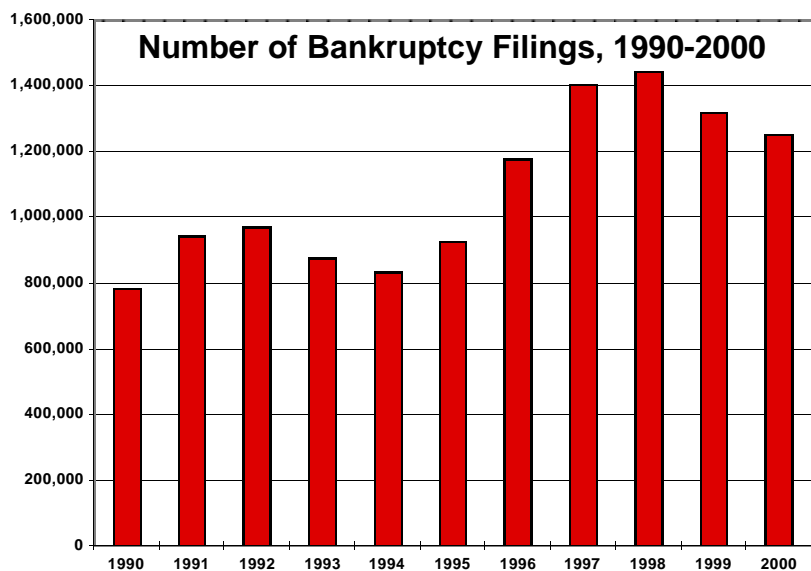
As a member of the Senate Banking Committee, Tim has pressed hard to ensure that bankruptcy reform legislation will strike the right balance between helping victims of unfortunate circumstances get back on their feet, while also stopping the abuse of bankruptcy protections by reckless and repeat filers who drive up costs for consumers while hurting businesses.

The business cycle and business practices of family farmers and ranchers are very different from those of retail, manufacturing and service

industries, and are governed by a separate section of bankruptcy law. Chapter 12 of the bankruptcy code, which contains the special provisions pertaining to bankruptcies by family farmers, expired on October 1, 2001. Tim is particularly interested in ensuring bankruptcy reform legislation addresses the needs of family farmers and ranchers in South Dakota, and is urging quick passage of bankruptcy overhaul legislation that will reinstate Chapter 12 protections. He was one of 17 Democratic senators to vote for the conference report on bankruptcy reform legislation that was vetoed by President Clinton (#297, HR 2415, 7 December 2000).

In 2001, Tim resisted several Democratic attempts to weaken bankruptcy reform legislation, voting instead for final passage of the stronger bill that helps victims of misfortune get back on their feet, while also protecting consumers and businesses from the excessive costs associated with bankruptcy abuse.

*As a member of the Senate Banking Committee, U.S. Senator Tim Johnson is working to tighten bankruptcy laws and make sure people who are able to repay their debts are forced to do so.*



Source: American Bankruptcy Institute

# *Reducing Estate Tax Burdens For South Dakota Families*

U.S. Senator Tim Johnson is supportive of efforts to adjust estate tax laws to allow fairer and less costly transfers of family farms, ranches and small businesses from one generation to the next. However, Tim does not support the outright repeal of all estate tax obligations in all circumstances, since doing so would result in a huge tax giveaway to the very wealthiest Americans.

Nearly 98% of all estates are already exempt from federal estate tax liability. In 1997, for example, only 102 South Dakota estates were subject to any federal estate tax. Nonetheless, Tim does agree that changes need to be made, increasing the threshold at which estates are taxed, so that more family businesses and farming operations can be transferred to the next generation without incurring a tax

liability.

The plan Tim supported during the 106<sup>th</sup> Congress would have cost \$20 billion annually,--much less costly than the House Republican plan, which would ultimately cost the Treasury more than \$50 billion per year when fully phased in. Tim supported the plan that would have provided more assistance to South Dakota families by raising the exemption to \$4 million immediately, and to \$8 million by 2010. The general exemption would increase to \$2 million by 2001 and to \$4 million by 2010. Tim will continue his efforts to raise the current exemption levels to virtually eliminate the estate tax liability for family farms, ranches, and small businesses, including periodic adjustments in the basic estate tax exemption for all Americans.

# Positioning South Dakota For A Brighter Future

At the beginning of the 107th Congress, U.S. Senator Tim Johnson was pleased to be selected to serve on the prestigious Senate Appropriations Committee -- the committee which makes important decisions concerning which programs will be funded and which will not. Coupled with Tim's position on the Senate Budget Committee, Tim is in an excellent position to advance South Dakota's agenda in the United States Senate.

It is a privilege that does not come easily; seats on the Appropriations Committee are the most coveted positions in the Senate, and only those members who have shown extraordinary leadership ability and a willingness to work with members of both political parties are considered for such a powerful position.

Given Tim's committee assignments and Sen. Tom Daschle's position as Majority Leader, it is widely acknowledged that South Dakota is arguably the best positioned and the best represented in the United States Senate.

It is an unique opportunity to have both the Majority Leader and an Appropriator from the same state, and Tim has used his position on the Appropriations Committee to secure funding for projects that are important to South Dakota, as well as advancing our state's agenda in our nation's

Capitol.

For example, Tim has been able to help many South Dakota communities secure funding for their economic development projects, including clean drinking water, industrial park developments to promote business expansion and local growth, new bike paths and libraries, and better educational opportunities for our children. He was in a position to make sure funding was approved to prevent the Homestake mine from flooding while the National Science Foundation worked to select a new site for their underground laboratory. He found funding for important projects at Ellsworth Air Force Base, and at the Sioux Falls airport. And when St. Bernard's Hospital in Milbank announced it would discontinue operations, Tim worked with local leaders to find funding so the community could buy the hospital and its medical equipment.

These are only a few of the projects Tim has helped make a reality for our state. Indeed, approximately 80 special projects were funded in South Dakota for FY 2002; of those 80 projects, only about 15% received any funding from the House of Representatives.

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***NOTE: A complete listing of all South Dakota projects receiving federal funding is contained in the Appendix at the end of this document. Please refer to this section for information regarding funding levels in the House of Representatives, the U.S. Senate, and the final funding levels contained in conference reports.***

# Targeting Benefits To Family-Sized Producers

One of the many problems with the current farm bill is that it contains meaningless payment limits. Unfortunately, the payment limits contained in both the House and Senate versions of the the farm bill reauthorization aren't much better. Payment limits must be tightened to re-direct benefits toward small and mid-sized family farmers; this is one of the most important things Congress can do to strengthen family-sized farms across our nation; current farm legislation subsidizes large farmers who engage in aggressive competition for market share by bidding up land values in their efforts to become high-volume, low-cost producers. These subsidies help major agribusiness ventures drive family-run farms out of business.

That's why U.S. Senator Tim Johnson introduced an amendment to the Senate version of the farm bill that would ensure more targeted payment

limitations. From 1996 to 2000, the wealthiest 10% of individuals and farm corporations in the United States received 66% of all federal farm payments. These payments averaged \$40,000 per individual.

At the same time, the bottom 80% of farmers averaged a mere \$1,089 per year.

The current farm program is particularly damaging to beginning farmers, since it increases the cost of getting a start in farming. By reducing

*Payment limits must be tightened to re-direct benefits toward small and mid-sized family farmers; this is one of the most important things*

*Congress can do to strengthen family-sized farms across our nation*

the number of midsize and beginning farmers, the current payment structure has deprived rural communities of the population base they need to thrive. The reauthorization of the farm bill creates an opportunity to stop millions of

dollars from going directly into the pockets of large producers, instead targeting them to the family-sized operations that are the backbone of rural America.

# Restoring Competition to Livestock Markets

U.S. Senator Tim Johnson's legislation to prohibit meatpackers from owning livestock prior to slaughter was included in the Senate version of the farm bill. The RANCHER Act, (an acronym for Rural America Needs Competition to Help Every Rancher), was cosponsored by Senators from both political parties, including Sens. Grassley (R-IA), Wellstone (D-MN), Harkin (D-IA), Thomas (R-TN), Dorgan (D-ND) and Daschle.

The RANCHER Act prohibits meatpackers from owning cattle, swine or sheep for more than 14 days prior to slaughter. However, it exempts cooperatives, as well as producer-owned plants that control less than 2% of the nation's slaughter market.

Packer ownership and control of

livestock has been disrupting markets and hampering competition at the farm gate level for too long. Tim's amendment is a major first step toward correcting the problem. If this legislation is enacted into law, packers will need to go out on the market and bid competitively for livestock, giving them less of an opportunity to engage in anti-competitive practices that keep market prices low.

Though this important legislation was not included in the House-passed version of the farm bill, Tim fought successfully to have his measure included in the farm bill legislation that passed the Senate in early 2002. A conference committee will now decide whether this important legislation will be included in the final farm bill package.

*U.S. Senator Tim Johnson discusses packer concentration with South Dakota ranchers. Johnson has been a national leader in efforts to restore competition to agriculture.*





# Empowering American Consumers And Agricultural Producers

Country-of-origin labeling and quality grade certification are key changes included in the competition title of the version of the farm bill passed by the United States Senate.

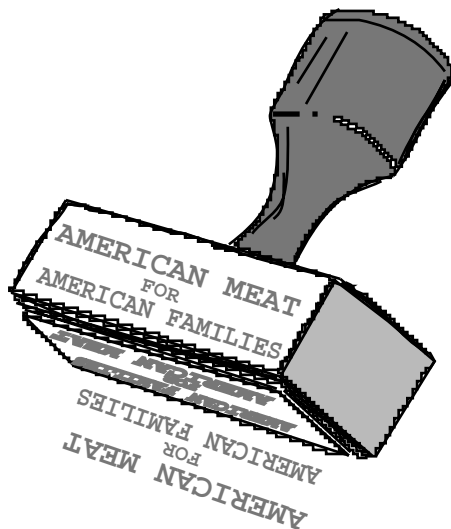
U.S. Senator Tim Johnson led a bipartisan effort to include a competition title in the Senate version of the farm bill. Fully one-fifth of all Senators, including members of both political parties, joined Tim Johnson's efforts, cosponsoring his Consumer Right to Know Act of 2001 (S.280). This legislation would require country-of-origin labeling for imported cuts of beef, pork, lamb, and ground beef, as well as produce and farm-raised fish. The House version of the bill includes labeling requirements for produce, but does nothing to help South Dakota ranchers market their product, nor does

it help consumers choose American-raised cuts of meat.

Country-of-origin labeling for meat as well as produce is supported by a clear majority of American agricultural producers, as well as consumers. Indeed, the largest consumer and farm groups in the nation have written to Tim to voice their support for his work on this issue.

Furthermore, Tim's carcass grade stamp legislation has been added to the Senate version of the farm bill, prohibiting the use of USDA quality grades (such as "USDA Prime" or "USDA Choice") on imported meat. This provision was not included in the House version of the bill.

Late in 2001, Senators Thad Cochran (R-MS) and Roberts (R-KS) introduced a substitute to the Senate version of the farm bill. They included country-of-origin labeling requirements identical to U.S. Senator Tim Johnson's legislation. Given the bipartisan support for his provisions, Tim is driven to see the final farm bill conference report include his country-of-origin provisions. He is particularly concerned that it should not be watered down by special interests. Anything less than an honest labeling requirement is simply unacceptable to consumers, ranchers, and to Senator Tim Johnson himself.



# Securing The Future For America's Farmers And Ranchers

One of U.S. Senator Tim Johnson's top legislative priorities is getting a new Farm Bill passed through the Senate and enacted into law. Although Tim is disappointed that the farm bill didn't make it out of the Senate in 2001, he firmly believes that the version being debated in the Senate is much better than the version passed by the House in October 2001.

While acknowledging that it is not a perfect bill, Tim stands behind the bill passed by the Senate Agriculture Committee. This legislation includes a new competition title, which contains Tim's provision requiring Country of Origin labeling for beef, lamb and produce. Additionally, the farm bill includes Tim's renewable fuels standard that encourages the use of ethanol and biodiesel.

Also included in the Farm Bill is a commodity title that provides higher loan rates, counter-cyclical support and an update on crop yields and base acres that are used to calculate payments. The Senate bill continues the availability of marketing loans or loan deficiency payments (LDP) for program crops such as wheat, feed grains, soybeans and oil-seeds. Furthermore, it includes new marketing loan authority for wool, honey, lentils and chickpeas. The loan rates in the Senate version of the bill are set higher than in either the House version of the bill or the current "Freedom to Farm" program.

The Senate bill retains total planting flexibility, which has been extremely popular among farmers in South Dakota and across the nation. It allows producers the option of updating their base acres and yields for purposes of receiving both direct payments and the new counter-cyclical payments (which are made when crop prices fall below a certain target level). The direct and counter-cyclical payments would be made on 100% of a farmer's updated base acreage and yields.

The new farm bill will be debated early in 2002, and every major farm organization is urging passage of this important bill in time for producers to properly plan for the next crop season. Tim agrees with farm groups on the importance of early passage of this important legislation, and will strive to ensure that government subsidies contained in the bill are targeted to family-sized farmers and ranchers who really need the assistance.

## Preserving Our Natural Resources

The Senate version of the farm bill includes a number of conservation programs that are important to South Dakota producers. Those programs include:

- Reauthorization of the Conservation Reserve Program, and expanding the total number of eligible acres to 41.1 million.
- A version of the Conservation Security Program sponsored by U.S. Senators Tim Johnson and Tom Harkin (D-IA). This program focuses on conservation practices adapted to working lands on farms and ranches.
- Reauthorization of U.S. Senator Tim Johnson's Farmable Wetlands Pilot Project for the full term of the Farm Bill (2002-2006).

# Securing Our Nation's Energy Supply

One important improvement contained in the Senate version of the Farm Bill involves strategies to increase the use of renewable energy produced right here in the United States. Agricultural producers in South Dakota are prepared to dramatically increase the production of ethanol and biodiesel for our nation, and the farm bill's energy title will provide incentives to further develop our value-added processing opportunities.

U.S. Senator Tim Johnson recognizes that home-grown, renewable fuels need to become an integral part of our national security strategy, which is why he asked Sen. Tom Harkin, Chairman of the Senate

Agriculture Committee, to include a new energy title in the farm bill.

As a result, the Senate version of the farm bill includes important loan and grant programs that will help promote increased production of ethanol, biodiesel, biomass, and wind energy. This is an important landmark, since it is the first time an energy title has been included in federal farm policy. An energy title was not contained in either the current farm bill or in the House-passed version.

***U.S. Senator Tim Johnson meets with Sen. Tom Harkin (D-IA), to discuss strategies for adding a new energy title to the farm bill. Harkin is Chairman of the Senate Agriculture Committee, and is in a key position to help Tim enact a farm bill that is friendly to family farms.***



# Growing Energy Security With Renewable Fuels

There has been a great deal of recent discussion concerning our nation's energy security, particularly following the September 11th terrorist attacks. The increasing volatility in gasoline prices and the growing tension around the world have affected everyone in some way. There is a clear need for energy policies that ensure long term planning, homeland security, fuel diversity, and a focus on new technologies.

To this end, Tim introduced the Renewable Fuels for Energy Security Act of 2001 (S. 1006), along with Sen. Chuck Hagel (R-NE). Tim's bill would ensure future growth of ethanol and biodiesel through the creation of a new, renewable fuels content standard in all motor fuel produced and used in the United States. The Senate leadership has included the framework of this legislation in a comprehensive energy package that will be considered early in 2002.

At Tim's request, the farm bill pending before the Senate includes a new "energy title" that would promote the production of bio-based fuels, such as ethanol and biodiesel. This is the first time an energy provision has been included in the farm bill.

Currently, ethanol and biodiesel comprise less than one percent of all transportation fuel used in the United States; 1.8 billion gallons are produced throughout our nation each

year. Tim's legislation would require that 5 billions gallons of transportation fuel be comprised of renewable fuel by 2012, nearly tripling the current production.

Ethanol provides great benefits to the environment and to the economy of South Dakota. We have many plants in our state, and even more are being planned. These farmer-owned ethanol plants demonstrate the potential to serve a growing market for clean domestic fuels that are produced right here, in the United States.

Based upon current projections, construction of new plants will generate \$900 million in capital investment and tens of thousands of construction jobs in rural communities. For corn farmers, the price of corn is expected to rise 20 - 30 cents per bushel. Farmers will have the opportunity to invest in these ethanol plants to capture a greater portion of the value chain.

Combined with the provisions of Tim's bill, the potential economic impact for South Dakota is tremendous. Today, three ethanol plants (Broin Industries in Scotland and the Heartland Grain Fuels plants in Aberdeen and Huron) produce nearly 30 million gallons per year. Enactment of Tim's renewable fuels standard legislation would allow South Dakota's production figures to increase

substantially, with at least 2,000 farmers owning ethanol plants that produce more than 200 million gallons of ethanol per year.

An important but under-emphasized fuel is biodiesel, which is chiefly produced from excess soybean oil. Presently, soybean prices are hovering near historic lows. Biodiesel production is small but has been growing steadily. The renewable fuels standard would greatly increase the prospects for biodiesel production, offering a tremendous benefit to soybean farmers in our state.

The energy bill passed by the U.S. House of Representatives did not contain provisions for a renewable fuels standard. With the inclusion of Tim's renewable fuels standard in the Senate package, the prospects for renewable fuels -- and for farmers in South Dakota -- have brightened considerably. Tim will work to see that the renewable fuels standard becomes law.

# *Expanding Value-Added Agriculture*

The federal farm bill reflects many national priorities, and Tim was very pleased that the rural development title of the bill addresses the needs of small, rural communities that serve as the backbone of South Dakota's economy. It is important that federal farm policy provide opportunities for value-added agriculture, small businesses and the rural communities they call home. The level of funding the Senate bill provides will be a windfall for rural South Dakota communities and their citizens.

Specifically, the bill provides \$75 million per year for value-added grants, as opposed to the House-passed version that provides only \$50 million for these purposes. South Dakota has been on the cutting edge of developing value-added projects, and the expansion of funding for these grants should increase profitability for our state.

# *Protecting South Dakota's Wildlife And Natural Resources*

As a member of the Senate Committee on Energy and Natural Resources, U.S. Senator Tim Johnson has been a strong supporter of measures that promote conservation and wildlife preservation. Tim is a cosponsor of CARA, the most important conservation and wildlife measure that has been put forth in the last 50 years.

CARA would guarantee funding for conservation and preservation programs across the nation. Conservation plans have been authorized over the last 30 years, but rarely have those plans been given the resources they need in order to be effective. The United States has a limited supply of precious resources, and the need to preserve and enhance these treasures for future generations is clear.

Among the key provisions included in the bill were increases to the Payment in Lieu of Taxes (PILT) program, involving payment to states having large federal land holdings within their boundaries that are not subject to property taxes. Tim was a strong advocate of the PILT funding increase, which would have doubled the amount of money South Dakota received.

Although CARA was not enacted, Congress did approve an additional \$20 million for PILT for Fiscal Year 2002. This increase follows the \$50 million increase in 2001. While this was a step in the right direction, PILT remains underfunded compared to its authorized funding level. Moreover, Tim was

instrumental in opposing the 25% cut in PILT funding proposed by President Bush. Tim will continue to be a vocal advocate of this important program.

Tim is also a strong supporter and cosponsor of legislation that would protect and preserve wildlife. The American Wildlife Enhancement Act (S.990) would fund preservation efforts for a diverse array of fish and wildlife species, with an emphasis on preventing both game and non-game species from becoming endangered. These goals would be accomplished by conserving important wildlife habitat and working cooperatively with private landowners in a non-regulatory, incentive-based manner. More importantly, it would give South Dakota and other states the flexibility to design their own methods in ways that work for them.

While this bill has not yet been enacted, an additional \$80 million for wildlife programs was included in the Interior Appropriations bill. As a member of the Appropriations Committee, Tim was able to ensure that provisions were included to protect the unique needs of smaller states. This effort yielded a 60% increase in funding for South Dakota's wildlife conservation and recreation programs.

While these provisions are only a fraction of what CARA and the Wildlife Enhancement Act would have provided, the additional funding provides a good starting point for future improvements.

# Making Rural America Safer

Throughout 2001, U.S. Senator Tim Johnson met with South Dakota law enforcement officials and community leaders to discuss the safety issues facing many South Dakota communities. Issues such as juvenile crime, increased methamphetamine (or “meth”) use, outdated equipment, and insufficient funds to hire and retain police officers all rank high on the long list of unmet needs public safety officials outlined.

In response, Tim and Senator Tom Daschle introduced comprehensive legislation known as the Rural Safety Act (S.1763) to address crime and safety in rural communities.

Tim’s Rural Safety Act would provide more than \$150 million in grants to states and rural communities.

These funds could be used creatively to address local needs. For example, some rural communities might use these funds to retain law enforcement officers hired through the COPS program, or purchase technologically-advanced crime-fighting equipment. Others might improve 911 service for law enforcement, fire, and emergency medical service providers. Still others could use the funds to create meth prevention programs, or to undertake the expensive and dangerous chore of cleaning up meth labs in the local community. A number of communities expressed an interest in creating restorative justice programs for juveniles, so that judges can use these programs as an alternative to jail time when appropriate, or in addition to jail time when necessary.



# Bringing Clean Drinking Water To South Dakota Families

South Dakota is proud to be home to three of the largest rural water projects presently under construction in the United States. These projects include the Mni Wiconi project in western South Dakota, the Mid-Dakota project in the central part of our state, and the Lewis and Clark project in Southeastern South Dakota. South Dakota is also home to a fourth project currently underway, the Perkins County Rural Water project in the Northwestern part of our state.

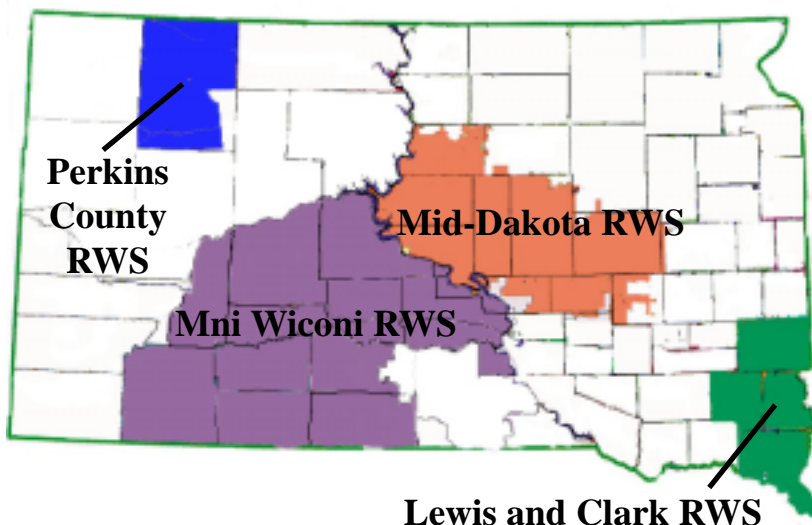
As a member of the Senate Appropriations Committee, U.S. Senator Tim Johnson led the effort to provide a record amount of funding for these critically important rural drinking water initiatives, including \$50.4 million for the four projects listed above. This record level of funding is nearly \$18 million more

than President Bush requested for these four projects.

When completed, these four water projects will provide a clean, dependable source of drinking water for nearly 300,000 South Dakotans. Safe, clean drinking water is clearly one of life's most basic needs, and it is necessary for the economic development of many parts of the state, since communities suffering from poor water quality also suffer from health issues and difficulty in encouraging new businesses to locate in their area.

After a long fight, Tim was able to secure an extra \$9.5 million for the Mni Wiconi project in fiscal year 2002. This means that families in communities such as Philip and Wall can address emergency water needs right now, while waiting for completion of the overall project. Tim also fought to provide an increase of \$5 million for the Mid-Dakota project, above and beyond the \$10 million requested by the Administration. Tim's advocacy for rural water in our state also led to \$3.4 million in funding for the Perkins County project, a project which the Bush Administration had not funded at all.

## South Dakota Water Projects Funded in FY 2002



# Celebrating The Lewis And Clark Journey

From 1804-1806, Captains Merriweather Lewis and William Clark traveled the Missouri River, crossed the Rocky Mountains and explored the land area which was purchased from France as part of the Louisiana Purchase.

With the bicentennial of that event fast approaching, an estimated 20 million people will visit some portion of the Lewis and Clark Trail in the next few years. U.S. Senator Tim Johnson has actively worked to help South Dakota communities along the Missouri River prepare for those enthusiasts who plan to travel the route.

Tim was pleased he could play a role in the acquisition and restoration of Spirit Mound near Vermillion. Spirit Mound represents one of the very few spots that Lewis and Clark mention in their journal. The restoration of the land will allow the

public to visit and actually experience the land as Lewis and Clark did nearly 200 years ago.

Tim also worked to get \$200,000 for a bike trail that will connect the Elk Point way-side exhibit to the City of Elk Point. This exhibit commemorates the first democratically held election west of the Mississippi River when Patrick Gass was elected Sergeant of the Lewis and Clark expedition in 1804.

The historical importance of these two sites, in conjunction with the bicentennial commemoration of the Lewis and Clark expedition, will provide an exceptional opportunity to publicize the enduring beauty of our state, while also creating lasting economic investments. Tim has also worked with many other communities in South Dakota, and will continue to help coordinate federal funds as the bicentennial approaches.

*U.S. Senator Tim Johnson presents a check to community leaders involved in the Spirit Mound land purchase. Tim has been helping communities throughout our state prepare for the bicentennial of the Lewis and Clark journey.*



# *Restoring The Missouri River To Its Vibrant Past*

Working with Senator Tom Daschle, U.S. Senator Tim Johnson was able to secure \$750,000 to begin implementation the Missouri River Restoration Act, legislation to address problems along the expanse of the Missouri River. These problems include siltation, erosion, and bank stabilization. Legislation authorizing this process was passed in 2000.

The legislation allows a 25-person working group to develop a plan to address problems facing the River. The working group is comprised of 10 representatives from the different Indian Tribes in South Dakota, along with 15 individuals appointed by the governor.

The funding secured in 2001 is an

important first step in improving the long-term health of the Missouri River. As a member of the powerful Appropriations Committee, Tim will continue to work with his Senate colleagues to ensure that adequate funding will be available for the Missouri River.

Tim was also successful in securing \$500,000 for the Missouri River Institute located in Vermillion. This initiative will study the biological, historical and cultural significance of the Missouri River and the Missouri River Valley. This will help us learn more about the Missouri River's effect on South Dakota and educate others who may not understand the significance of the Missouri River.

# Preserving The "Mighty Mo"

As one of our state's most important natural resources, the protection and preservation of the Missouri River is one of U.S. Senator Tim Johnson's top priorities. Tim and Senator Tom Daschle worked together throughout 2001 to halt an attempt by downstream states who wanted to prevent the Army Corps of Engineers from making important updates to the Missouri River Master Manual.

The Army Corps of Engineers' current plan for managing water from the Missouri River Dams, commonly referred to as the "Master Manual," provides relatively steady water flows during the spring, summer and fall to support the downstream barge industry. The Manual has not been substantially revised in more than 40 years. Since that time, the projections of barge traffic used to justify the manual's operating plan have never materialized. The downstream barge industry carries only .3% of all agriculture goods transported in the upper Midwest. Instead, the steady flows required by the manual have contributed to the decline of fish and wildlife, as well as recreational opportunities along the river.

After more than 40 years, it is time

for the management of the Missouri River to reflect the current economic realities of a \$90 million annual recreation impact upstream, versus a \$7 million annual navigation impact downstream. Tim was among the first to call for a revision of the Master Manual more than 10 years ago. He firmly believed then, as he does now, that Upper Basin states have lived with an unfortunate lack of parity under Missouri River management practices. The strong emphasis on navigation has been detrimental to the river's ecosystems, its recreational uses, and to the economies of upstream states.

The Corps of Engineers has proposed a revision to the governing river management practices contained in the Master Manual. For several years, legislation was passed to prevent those changes from being implemented. However, in 2000 and 2001, Tim and Senator Daschle were successful in preventing enactment of such language, allowing the Corps to move forward in developing more reasonable management practices. Tim will continue to support an expeditious review of the proposed changes and will work to block any attempts from downstream states who want to stop this review process.

# *Supporting Wind Power For South Dakota*

As a member of the Senate Energy and Natural Resources Committee, U.S. Senator Tim Johnson understands the potential that harnessing wind power would bring to South Dakota. In 2001, he hosted two conferences in the state that brought together power suppliers and scientific experts to discuss the benefits of wind power and how it can be advanced in South Dakota. Tim also participated in a wind power conference in Pierre that brought together many of the providers of wind power from across the region.

From these meetings, it is clear that wind will play a growing role in South Dakota's energy system. Huge growth in demand for electricity is expected in coming years, and our growing dependence on foreign oil have led to instability and uncertainty about our energy infrastructure. There is also an overriding energy security issue at stake. The more we depend on foreign oil from the Middle East, the more our energy needs are ultimately tied to governments in that region. The

terrorist attacks of September 11th have also demonstrated to Tim that we need to find ways to make our country more secure and diversify our energy sources.

Because of its potential, wind power projects are cropping up all over the state and the northern plains. South Dakota has become one of the world's leaders in wind projects, including Prairie Winds, Rolling Thunder, Cendak Winds, North Winds and the new Miner County project. The rapid success of these projects can go a long way towards demonstrating the potential benefits of wind energy as well as providing additional electricity to the power grid.

Sufficient transmission not only helps service customers in South Dakota, but allows generated wind power to be transferred from our area to other regions of the country. This would provide a financial boon to our region and would make the wind projects more viable.

# Expanding The Rocky Mountain Research Station

As a member of the Senate Appropriations Committee, U.S. Senator Tim Johnson was successful in securing \$2.558 million for the land acquisition, planning and design of the new Mystic Ranger Rocky Mountain Research Station on South Dakota Highway 16. The new station will encompass both the administrative staff of the Black Hills National Forest, as well as the staff of the Rocky Mountain Research Station.

The Rocky Mountain Research Station provides valuable research on the unique natural resources of the central and northern Great Plains states. With a unique focus on the ecosystems of the prairies, prairie woodlands and forests of the Great Plains, the station is a one-of-a-kind research base, located in Rapid City. A new site is needed because the old facility is dilapidated and is no longer

adequate for the type of advanced scientific research conducted at the station. Without the funding, it is unlikely that any new research could take place.

Adding the Black Hills National Forest administration to this site will streamline the different federal agencies that work in the hills. This new, centrally-located site will allow tourists and interested parties who use the Black Hills to receive the information they need without traveling to two or three different locations.

Construction of the new facility is scheduled to begin in 2003, and more funding will be needed in the future to continue work on the project. Tim will continue his efforts to ensure that the necessary support is available for completion of construction on this new facility.



# Bringing World-Class Science To Western South Dakota

On March 5, 2001, the National Underground Laboratory Committee established by the National Science Foundation (NSF) selected the Homestake Mine as the premier site for establishing a world class underground research facility. Currently, U.S. Senator Tim Johnson is working with NSF and the scientific community to chart a course of action that would best meet the needs of the scientific community, should this proposed research facility become reality.

The Homestake Gold Mine's unique geology can accommodate sensitive scientific facilities as far as 8,000 feet underground -- more than five times the length of the Empire State Building. Furthermore, the mine is equipped with miles of tunnels, electrical wiring, an extensive ventilation system, and additional infrastructure that will support future research activities.

Through his seat on the powerful Senate Appropriations Committee, Tim was able to secure \$10 million in interim funding that will be used to prevent the Homestake Mine from flooding until NSF makes their final decision. Preserving this valuable scientific resource until the scientific community can adequately prepare and pursue construction of a National Underground Laboratory presents considerable cost-saving and scientific potential.



*Tim and Barbara Johnson stop at Crazy Horse Monument while visiting Western South Dakota. Working with local leaders to develop new economic opportunities in every region of our state has been a top priority for Tim.*

# *Bringing Local Television To Rural America*

U.S. Senator Tim Johnson continued working toward his goal of allowing South Dakotans in rural areas to be able to receive local television programming via satellite dish.

Previously, Tim had taken the lead and secured passage of his legislation to allow satellite companies to provide local-to-local television programming. After passage of this legislation, it became clear that local television would not be rebroadcast in South Dakota over existing satellite service because only the top markets would generate enough profit to make local-to-local programming feasible. Tim then secured passage of a loan guarantee program that would provide government loans to encourage the private sector to begin offering local-

to-local service in rural areas that are not as profitable as the top markets.

During the 107<sup>th</sup> Congress, Tim continued his efforts to bring local television programming to rural South Dakotans. As a member of the powerful Senate Appropriations Committee, he was able to secure \$20 million in initial funding to begin the loan guarantee program that was authorized in the previous year. As a member of the Agriculture Appropriations Committee, Tim is in a key position to work with USDA's Rural Utilities Service to ensure the loan guarantee program moves forward, and that South Dakota families will receive the television programming they deserve.



## *Serving As A "Staunch Advocate For Rural America"*

U.S. Senator Tim Johnson was honored to be selected as recipient of the 2001 Congressional Leadership Award from the National Association of Telephone Cooperatives. Tim was also featured in an article, titled "Staunch Advocates for Rural America," published in the group's magazine. In the article, Johnson talks about the friendship he has sustained with local telephone and electric cooperatives throughout South Dakota.

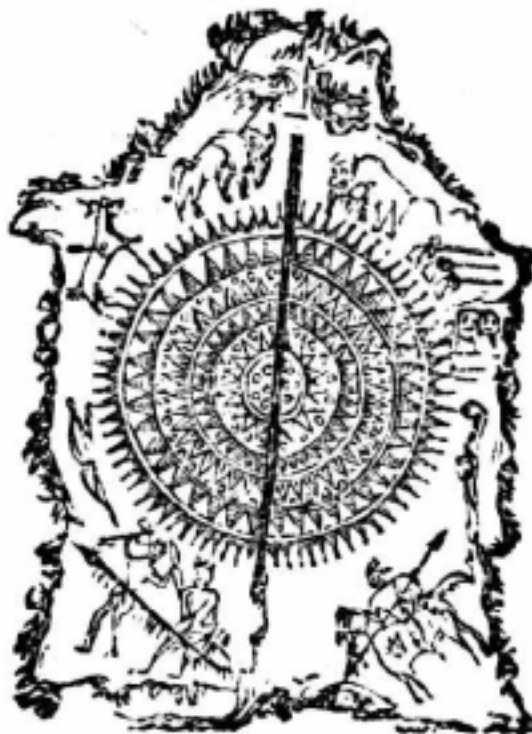
During the 107<sup>th</sup> Congress, Tim has sponsored two pieces of legislation important to South Dakotans. The Universal Service Support Act (S.500), would remove the caps on universal service funds imposed by the Federal Communications Commission (FCC), thus continuing funding of efforts that have been successful in providing broadband service to many

underserved areas of our state, including most rural school districts. The other, known as the Broadband Internet Access Act of 2001 (S.88), would provide tax credits to companies that bring broadband service to rural area. Tim was able to convince Senate Finance Committee Chairman Max Baucus (D-MT), to include this broadband tax credit language in the committee's version of the economic stimulus package.

Recognizing the lack of leadership on rural telecommunications needs at the FCC, Tim pushed hard for the appointment of Jonathan Adelstein, a Rapid City native and legislative assistant to Senator Tom Daschle, to be a commissioner at the Federal Communications Commission. Mr. Adelstein, whose nomination has been greeted with great enthusiasm by rural advocates, is expected to be confirmed early in 2002.

# *Serving On The Senate Indian Affairs Committee*

Indian Affairs have always been a top priority for U.S. Senator Tim Johnson. Throughout his term in the United States Senate, he has had a terrific working relationship with the Indian Affairs Committee leadership, bringing the concerns of South Dakota's Indian Tribes to the forefront of national attention. Tim enjoys standing invitations to participate in all committee business. Additionally, he lobbied the Chairman and Ranking Member of the Committee on Indian Affairs to secure a seat on that committee for the 107th Congress, placing him in an excellent position to further represent Indian people in South Dakota.



# Helping Tribes Develop Educational Resources

U.S. Senator Tim Johnson has worked hard to increase educational opportunities on South Dakota's Indian reservations. His efforts include sponsorship of school bonding legislation that will help tribes build and repair schools by leveraging their education funds through the same bond market that serves municipal governments across our nation.

Tim's legislation is currently under review, while Tim continues to work closely with the Senate Finance and Indian Affairs Committees to pass this important measure into law.

## Indian School Construction Act (S.243)

**Sponsor:** U.S. Senator Tim Johnson  
Cosponsored by Sens. Akaka, Baucus, Bingaman, Campbell, Cochran, Daschle, Inouye, Reid.

**Summary:**

- Directs the Secretary of the Interior to establish a pilot program under which eligible Indian tribes have the authority to issue tribal school modernization bonds to provide funding for the construction, rehabilitation, or repair of tribal schools, including advance planning and design.
- Permits a tribe to use amounts received through the issuance of a bond to enter into and make payments under contracts: (1) for the design and engineering of the school; and (2) with financial advisors, underwriters, attorneys, trustees, and other professionals who would be able to provide assistance to the tribe in issuing bonds.
- Makes any tribal school modernization bond issued by a tribe subject to a trust agreement.
- Authorizes the Secretary to deposit not more than \$30 million each fiscal year into a tribal school modernization escrow account beginning in FY 2002 from amounts made available for school replacement under the construction account of the Bureau of Indian Affairs. Requires the Secretary to use any amounts deposited to make payments to trustees or for advance planning and design.
- Declares that no bond shall be an obligation of, nor shall payment of the principal be guaranteed by, the United States, the tribes, or their schools. Provides that any amounts earned through the investment of funds under the control of a trustee shall not be subject to Federal income tax. Amends the Internal Revenue Code to allow a tax credit to individuals who hold such bonds. Permits a separation (including at issuance) of the ownership of such a bond and the entitlement to the credit with respect to such bond.

# Bringing Better Health Care Resources To Indian Reservations

Concerned by the lack of medical resources on South Dakota's Indian reservations, U.S. Senator Tim Johnson worked hard to organize a meeting between tribal leaders, health care professionals, and the National Library of Medicine. This meeting, held in Rapid City, was the very first of its kind in Indian Country, and was pivotal in increasing access to medical libraries by tribal health care facilities.

To address the pressing lack of medical reference material in Indian country and other rural areas of the nation, the National Library of Medicine has agreed to improve access to medical reference texts in electronic form and make them available on the Internet. This will be a tremendous

assistance to health officials who serve Tribal communities, since it will provide them with access to medical reference materials that otherwise would not be available to them. The ultimate beneficiaries of this effort will be the patients, since physicians and other health care providers will now have the reference materials they need to provide the best possible care.

A follow-up meeting was held in Washington, and progress in this innovative effort will be ongoing throughout the next several years. With time, medical reference materials will be more accessible to Native Americans and all rural residents because of Tim Johnson's efforts.

*U.S. Senator Tim Johnson meets with community leaders at Ft. Randall. Tim has worked hard to create new educational and job development opportunities on South Dakota's Indian reservations.*



# *Reauthorizing The Elementary And Secondary Education Act*

After a lengthy legislative debate a compromise was reached on the reauthorization of the Elementary and Secondary Education Act (ESEA). The resulting legislation will help fulfill the promise of a better education for every child in South Dakota.

ESEA authorizes \$26.3 billion for Fiscal Year 2002, an increase of \$7.7 billion or 42% over FY 2001 funding levels. Through his seat on the Senate Appropriations Committee, U.S. Senator Tim Johnson helped secure these increases in education spending. The education appropriations bill includes an increase of approximately \$6.8 billion in elementary and secondary education funding for Fiscal Year 2002.

This ESEA legislation breaks new ground for public education in South Dakota. ESEA calls for the implementation of unprecedented

testing and accountability measures in public schools throughout the nation. By the 2005-2006 school year, states are required to develop annual assessment tests in reading and math for all students in grades 3 through 8. Congress will provide \$2.34 billion over six years for states to develop and administer the tests.

Throughout the legislative process, Tim emphasized the need for schools to be held accountable for the progress of students they teach; however, he also stressed the need for states to be given enough resources to help them measure student progress, so that mandatory testing programs aren't taking resources away from the classroom opportunities students need. It is Tim's hope that the result of the testing programs will be that all of our children will receive the quality education they deserve.

# Providing Modern Schools For Modern Kids

U.S. Senator Tim Johnson is well aware that South Dakota continues to have a critical need for the repair and renovation of schools across the state. While the bulk of this responsibility lies with state and local communities, the federal government does play a role in assisting with emergency repairs and renovation.

The ESEA bill authorizes states to support the most urgent repair and renovation in the neediest schools through the Emergency School Renovation Program. During FY 2001, this program was appropriated at \$1.2 billion. However, the FY 2002 education appropriations bill, which funds ESEA, contains no funding for this program after it was stripped out by House Republicans in conference committee.

*U.S. Senator Tim Johnson eats lunch with a group of South Dakota students. Tim has been a strong advocate of programs that keep our schools safe and prepare our children for productive lives.*



# *Offering New Opportunities For Rural Schools*

While there are programs at the state and local level, no federal education policy focuses on the specific and unique needs of rural schools. Many small school districts in South Dakota and across the nation are unable to use the small federal grants they receive because the formula does not provide enough funding to get the job done, and local resources are not available to make up the difference.

Furthermore, rural schools often cannot compete for federal funding distributed by competitive grants because they don't have enough employees to fill out all the paperwork.

Rural schools also face other tough challenges, such as a shrinking local tax base, high transportation costs, aging buildings, limited course offerings, and limited resources.

In 2001, Tim worked with other Senators from rural states to include a special authorization that would allow eligible rural schools to develop innovative programs that improve the academic success of their students. For FY 2002, the authorization is \$300 million.

# *Making Sure Every Child Learns To Read*

U.S. Senator Tim Johnson is very pleased with President Bush's consistent emphasis on the importance of early reading skills. As a result of his dedication and the support of legislative leaders, ESEA expands the current Reading Excellence Act program and authorizes \$900 million for FY 2002. The new "Reading First" and "Early Reading First" programs will expand existing reading programs, and help teachers get the professional development they need to ensure all children read well by the end of the third grade. Tim understands how crucial it is that our children are able to read well at a young age, so they are well prepared for their future

educational experiences.

It follows that schools in South Dakota and across the nation should have the resources necessary to teach our children these skills. To meet this need, the ESEA bill authorized \$250 million in FY2002 for a new program to help school libraries purchase new books, reading materials, and equipment to support the reading programs authorized by the Reading First initiative. Additionally, the FY 2002 Education Appropriations Bill appropriated \$12.5 million for this program.

Tim is looking forward to seeing the benefits of this program in South Dakota.



# *Keeping Kids In School And Off The Street*

After school programs in South Dakota have a strong track record of keeping kids safe, in school and off the streets. U.S. Senator Tim Johnson has been very supportive of such programs, and has worked to expand after school activities that provide students with extra opportunities to improve their learning after school.

The Elementary and Secondary Education Act (ESEA) authorizes \$1.25 billion in FY 2002 for the successful 21st Century Community Learning Center program that helps fund after school programs. Additionally, the FY 2002 education appropriations bill provides \$1 billion for this important program. This is an increase of \$154 million over the fiscal year appropriation level of \$846 million.

# Increasing Impact Aid Funding

As founding Co-Chair of the Senate Impact Aid Coalition, U.S. Senator Tim Johnson has been a leading advocate for school districts that rely on Impact Aid funding to educate their children.

The Impact Aid program provides funds to school districts that contain large tracts of land that are under federal control or are otherwise non-taxable. School districts near military bases or Indian reservations are the most common examples in South Dakota.

The Elementary and Secondary Education Act (ESEA) bill includes a strong commitment to supporting the Impact Aid program. The FY 2002 education appropriations bill includes an increase of \$148 million for the Impact Aid program, funding it at an unprecedented level of \$1.141 billion for the next year.

Tim will continue to be a strong advocate of this important program in the years to come.

## Federally Impacted School Districts In South Dakota:

Andes Central Public School #11-1  
Bennett Co. School Dist. #3-1  
Bison SD  
Bon Homme SD  
Bonesteel-Fairfax School Dist. #26-5  
Burke SD  
Chamberlain Indp. School Dist. #1  
Custer SD  
Douglas School District #51-1  
Dupree School District #64-2  
Eagle Butte Indp. School Dist. #3  
Flandreau Indp. School District #3  
Geddes  
Gregory SD  
Harrold School Dist. #32-1  
Hill City SD  
Hot Springs Indp. School Dist. #23-2

Isabel School Dist #20-2  
Kadoka School District #35-1  
Lemmon SD  
Lyman Indp. School Dist. #42-1  
McIntosh Indp. School Dist. #15-1  
McLaughlin Indp. School Dist. #21  
Mobridge  
Newell School Dist. #9-1  
Northwest School District #52-3  
Northwest SD  
Oelrichs Pub. Schools #23-3  
Pierre SD  
Platte  
Pollock SD  
Rapid City Area School Dist. #51-4  
Shannon Co. Indp. School District #1

Sisseton Independent School District #1  
Smee School Dist. #15-3  
Stanley Co. School Dist. #57-1  
Summit School Dist. #54-6  
Timber Lake School Dist. #20-3  
Todd Co. Independent School Dist. #66-1  
Veblen Independent School District #1  
Wagner Comm. School Dist. #11-4  
Wall SD  
Waubay Indp. School Dist. #18-3  
Webster Pub. School  
White River School District #47-1  
Wilmot School Dist. #54-7  
Winner School Dist. #59-2  
Wood Independent School District #30  
Yankton

# *Increasing Education Tax Deductions*

U.S. Senator Tim Johnson has a long history of supporting measures that make it more affordable for average families to send their kids to college. In recent years, he was a key leader in pressing for a change in tax law that allows a tax deduction for student loan interest payments. Tim was also a strong supporter of initiatives that provide tax credits for adults of all ages to continue their educations through lifetime learning tax credits, special tax benefits to employers who help pay for their employees' continuing education, and other innovative ideas that help everyone who wants a better education achieve that goal.

During consideration of the 2001 tax cut legislation, U.S. Senator Tim Johnson voted for an amendment that would have increased the deduction for higher education expenses for single filers with gross incomes less than \$65,000 and joint filers with gross incomes less than \$130,000.

Students and parents know all too well that college expenses don't end when a student graduates from college. There are students loans to repay, along with interest. Tim supported legislation that would have increased the value of the tax credit for student loan interest from \$500 to \$1,000. Unfortunately, this amendment failed on a 43-55. vote.

# *Saving The Student Loan Program*

Federally-insured student loans will remain available, thanks to legislation written by U.S. Senator Tim Johnson. Tim's bill, S.1762, has been passed overwhelmingly by both the Senate and House of Representatives. President Bush is expected to sign the measure into law in the near future.

Tim's legislation was necessary because of a change in the way student loan interest rates are calculated, which was scheduled to take effect in July, 2003. This change would not only increase the interest rate student loan borrowers pay, but it would also threaten the entire Federal Family Education Loan Program – the program that serves 80% of America's schools and millions of students. Without a change in the law, many student loan lenders felt they would have no choice but to drop out of the program and stop offering student loans. Some of them planned to drop out as early as 2002.

Tim's legislation allows students and their parents to continue borrowing money for college at affordable interest rates. By comparing Johnson's legislation with the previously-scheduled formula, we see that students will be able to rely upon a reasonable, fixed interest rate while they are in school, as well as while their loans are in repayment. The timing of this legislation is particularly important to students, as it was enacted at a time when interest rates are very low. Interest rates may

increase significantly as the economy recovers, making these low, fixed rates even more attractive to students and parents alike.

Tim's legislation is crucial, ensuring that education loans will remain available for students and their families for generations to come. That is a vital step in helping our nation climb the ladder of economic opportunity!

## **Did You Know...?**

The typical college graduate carries more than \$16,000 in debt. One-third of all college seniors graduate with more than \$20,000 in student loan debt.

In 2000, student loans helped more than 3.5 million students attend college, and more than 43,000 student loans were issued in South Dakota during the 1999-2000 school year.

During the 2000-2001 school year, tuition costs at four-year public colleges and universities increased an average of 7.7%. At that same time, federally-insured student loans accounted for 58% of the financial aid packages students received, which totaled \$74 billion. Without this important component of financial aid, many students would simply not be able to afford college.

**Lower interest rates mean less debt at the time of graduation, less interest to be paid over the course of the loan, and faster repayment.**

Presented by

## U.S. Senator Tim Johnson



### U.S. Senator Tim Johnson

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